

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 16, 2007

Bill Number: H.B. 3526

Authors: Taylor; Brady; Bales; Bedingfield, *et. al.*

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 12-6-3477 so as to allow a credit against the state income tax equal to one thousand dollars in a taxable year for a taxpayer employing an apprentice in an apprenticeship program registered with the United States Department of Labor, to allow unused credit to carry forward to five succeeding taxable years, and to provide for the administration of this credit.

REVENUE IMPACT ^{1/}

This bill, as amended, would reduce General Fund income tax revenue by an estimated \$60,000 in FY2007-08.

Explanation of Amendment (March 8, 2007) – By the House Ways & Means Committee

This amendment adds clarifying language to emphasize that a taxpayer is allowed an income tax credit of \$1,000 “for each apprentice employed”. This amendment also amends the bill to allow the tax credit to be applied only to new “employees beginning apprenticeships after 2007”. Multiplying an anticipated 60 new apprentices in the state by an income tax credit of \$1,000 per apprentice, yields a reduction of General Fund income tax revenue of an estimated \$60,000.

Explanation of Bill filed February 14, 2007

This bill would add Section 12-6-3477 to allow a taxpayer who employs an apprentice registered with the Office of Apprenticeship of the Employment and Training Administration of the U.S. Department of Labor an income tax credit of \$1,000 per apprentice. An apprentice is defined by The National Apprenticeship Act, 29 U.S.C. 50, and as provided in applicable regulations 29 CFR 29.5. According to federal regulations, an apprentice is one that is offered employment and training in a skilled trade with not less than 2,000 hours of work experience consistent with training requirements as established by industry practice. An apprentice receives supervised work experience and training on the job supplemented with a minimum of 144 hours of instruction in technical subjects related to the trade. An apprentice is paid a wage consistent with the skill acquired and which is not less than the minimum wage as prescribed by the Fair Labor Standards Act. The apprentice receives a progressively increasing schedule of wages until reaching the rank of journeyman. The most common apprenticeship occupations are electricians, carpenters, and plumbers. According to the South Carolina branch of the U.S. Department of Labor, Employment and Training Administration, there are 705 total active apprentices registered in 79 active programs with the Office of Apprenticeship Training, Employer, and Labor Services, Bureau of Apprenticeship Training in South Carolina. Based on data from the Bureau of Apprenticeship Training, the number of new apprentices is expected to increase by 60 in FY2007-08. Multiplying 765 active, registered apprentices in the state by an income tax credit of \$1,000 per apprentice yields a reduction of General Fund income tax revenue of an estimated \$765,000 in FY2007-08.

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.